

Message Text

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FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 0000

INFO AMEMBASSY CARACAS

AMEMBASSY BUENOS AIRES

AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMCONSUL SALVADOR

UNCLAS RIO DE JANEIRO 1435

FOR COMMERCE FROM TED JOHNSON

E. O. 11652: N/A

TAGS: BEXP, BR

SUBJ: U.S. CHEMICAL INDUSTRY TRADE MISSION - VENEZUELA

1. VENEZUELA ALTERED SIGNIFICANTLY THE ORGANIZATION OF THE NATIONAL PETROCHEMICAL INDUSTRY SHORTLY BEFORE THE ARRIVAL OF THE CHEMICAL INDUSTRIES TRADE MISSION. A NATIONAL COUNCIL ON THE PETROCHEMICAL INDUSTRY WAS ORGANIZED THE WEEK PRIOR TO THE ARRIVAL OF THE MISSION REPLACING THE INSTITUTO VENEZOLANO DE PETROQUIMICA (IVP) AS THE GOVERNMENT'S COORDINATING ARM FOR THE INDUSTRY. IN ADDITION, A GROUP OF PRIVATE INVESTORS, PENTACOM, HAVE PROPOSED MORE PRIVATE CONTROL WITHIN THE INDUSTRY THAT WILL BE CONSIDERED SHORTLY BY THE NATIONAL CONGRESS. THESE CHANGES WERE OUTLINED IN BRIEFINGS BY THE VENEZUELAN ASSOCIATION OF MANUFACTURERS OF CHEMICAL PRODUCTS (ASOQUIM) AND BY THE INSTITUTO VENEZOLANO DE PETROQUIMICA (IVP).

2. A RECEPTION WAS HOSTED BY THE U.S. CHARGE D'AFFAIRS FOR THE LOCAL LEADERS OF THE CHEMICAL INDUSTRY AT THE EMBASSY RESIDENCE. ALTHOUGH THE RECEPTION WAS ATTENDED BY MORE THAN 80 LOCAL LEADERS, THERE WAS NO SIGNIFICANT CLARIFICATION OF THE PENDING CHANGES IN THE INDUSTRY.

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3. INDIVIDUAL APPOINTMENTS WERE HELD IN THE BIC AT THE TAMANACO

HOTEL. ONE MISSION MEMBERS, ROBERT HONER, HTL INDUSTRIES WAS CALLED BACK TO HIS OFFICE DUE TO CIRCUMSTANCES BEYOND HIS CONTROL. HIS PROJECTIONS OF RESULTS FROM THE MISSION ARE INCLUDED IN THE TOTALS ONLY FOR CARACAS. ONE YEAR SALES PROJECTED FOR THE MISSION IN VENEZUELA ARE US\$460,000. MEMBERS REPORTED 72 FIRM SALES LEADS, 3 REPRESENTATIVES, AND ONE JOINT-VENTURE AGREEMENT UNDER DISCUSSION.

4. MISSION DIRECTOR ARTHUR F. SAMPSON HELD A DEBRIEFING SESSION AT WHICH MEMBERS EXPRESSED ONCERN AT THE CHANGING SITUATION IN THE INDUSTRY AND THAT THE EMBASSY SHOULD ATTEMPT TO KEEP US BUSINESSMEN INFORMED OF THE CHANGES AS THEY ARE MADE OPERATIONAL.

5. COMMENTS FROM MISSION MEMBERS INCLUDED: AMERACE CORP. DANIEL C. SMERALD "MARKET FOR OUR PRODUCTS IN VENEZUELA IS SMALL AND CONTROLLED THROUGH LARGE U.S. PETROLEUM COMPANIES. SOME CONFUSION AND....LACK OF COMMUNICATING EXPLICIT STATUS OF VENEZUELAN ECONOMIC AND POLITICAL SITUATION...."; DAVY POWERGAS, INC. SAMUEL A. GARDNER "IN VIEW OF STATE OF FLUX IN PETROCHEMICAL PROJECT AWARDS IN VENEZUELA, IT IS CURRENTLY IMPOSSIBLE TO DETERMINE WHAT PROJECTS WILL GO FORWARD. THE PENTACOM SITUATION SHOULD BE WATCHED BY EMBASSY WITH GREATEST CONCERN. IT COULD PRESENT OPPORTUNITY FOR U.S. COMPANY PROJECT MANAGEMENT PARTICIPATION".; HTL INDUSTRIES, INC. ROBERT E. HONER "THE MEETINGS WERE FRUITFUL REGARDING NEW CONTACTS. BETTER INSIGHT INTO VENEZUELA PROBLEMS OF MARKETING WERE GAINED. COMMUNICATIONS ARE OBVIOUSLY VERY IMPORTANT (IN KEEPING ABREAST OF THE LATEST HAPPENINGS). I'M SURE THE MEETINGS WILL BE VALUABLE FOR HTL."; HOKE INTERCONTINENTAL - DR. W.O. TEETERS "AS A RESULT OF THE MISSION MY AGENT HAS LOCATED A GOOD PROSPECT FOR THE EXTREME EASTERN PART OF THE COUNTRY.; RIDGE INSTRUMENT CO. RICHARD S. PEUGEOT "VENEZUELA WAS MORE INTERESTED IN SELLING US THEIR PROGRAMS (IVP, ETC.) THAN LEARNING ABOUT OUR PRODUCTS.; THERMO ELECTRON, DEXTER V. DUNLAP "IN TERMS OF ACHIEVING OUR MAJOR OBJECTIVE, IT APPEARS THAT THIS CAN BE SUCCESSFULLY ACCOMPALISHED.

4. BOTH SMF AND O&M BUDGET CONTAINED SURPLUS FUNDS.
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